

**NOTICE OF PROPOSED
TITLE V SIGNIFICANT PERMIT REVISIONS**

The South Coast Air Quality Management District (SCAQMD) is the air pollution control agency for all of Orange County and portions of Los Angeles, Riverside and San Bernardino Counties. Rules 212 and 3006 require that the SCAQMD publish this notice prior to revising the existing Title V permits that were previously issued to the facility located at the two contiguous sites listed below:

Tesoro Refining & Marketing Co. LLC,

- (1) Carson Site: Los Angeles Refinery-Carson Operations
2350 E. 223rd Street
Carson, CA 90810
Facility ID #174655
- (2) Wilmington Site: Los Angeles Refinery-Wilmington Operations
2101 E. Pacific Coast Highway
Wilmington, CA 90744
Facility ID #800436

Contact Person:

June Christman
Environmental Staff Engineer
2350 E. 223rd Street, Carson, CA90810

This notice covers the revisions to the Title V permits for the facility listed above by the issuance of permits to construct for the proposed "Los Angeles Refinery Integration and Compliance Project" (LARIC) as detailed in the applications described below. Upon completion of the comment period, the SCAQMD will decide on final action on whether or not to approve the permits, and whether to issue the subject revisions separately or simultaneously.

Tesoro has submitted the following applications for the proposed LARIC project to be constructed at the two sites listed above. Rule 212 requires the applicant for certain projects to distribute a public notice prepared by the SCAQMD prior to the issuance of a permit. This notice is being issued because the maximum potential emissions for the LARIC project exceed the notification levels specified in Rule 212(g).

Applications Submitted for Carson Site

1. A/N 567643 - modification of the No. 51 Vacuum Distillation Unit.
2. A/N 567645 - modification of the No. 1 Light Hydrotreating Unit and connecting a pressure safety valve to gas recovery system controlled by the Hydrocracker Flare.
3. A/N 567646 - modification of the Naphtha Hydrodesulfurization Unit and connecting pressure safety valves to gas recovery system controlled by the No. 5 Flare.
4. A/N 567647 - modification of the Alkylation Unit and connecting a pressure safety valve to gas recovery system controlled by the South Area Flare.
5. A/N 567648 - modification of the Liquefied Petroleum Gas Railcar Loading/Unloading Rack and connecting

pressure safety valves to gas recovery system controlled by the No. 5 Flare.

6. A/N 567649 - change of equipment description for No. 51 Vacuum Unit Heater to increase the heat input rating from 300 MMBtu/hr to 360 MMBtu/hr, with no physical modification.
7. A/N 575837 - Refinery Interconnection System: new construction of an above-ground and underground pipe bundle to connect the operations between the Carson and Wilmington sites. New pressure safety valves will be connected to gas recovery system controlled by the South Area Flare in the Carson site.
8. A/N 575838 - modification of the Iso-Octene System.
9. A/N 575839 - modification of the No. 5 Flare System to allow new connections of pressure safety valves serving the LPG Railcar Loading/Unloading Rack, Alkylation Unit and Naphtha HDS Unit.
10. A/N 575840 - modification of the Hydrocracker Flare System to allow a new connection of a pressure safety valve serving the No. 1 Light Hydrotreating Unit.
11. A/N 575841 - modification of the South Area Flare System to allow new connections of pressure safety valves serving the Alkylation Unit and the new Refinery Interconnection System.
12. A/N 578248 - modification of the Mid-barrel Desulfurizer Unit to install "jump-over" piping from the No. 1 Light Hydrotreating Unit to the Mid Barrel Desulfurizer Unit.
13. A/N 578249 - modification of the Hydrocracker Unit—Fractionation Section.

Applications Submitted for Wilmington Site

1. A/N 567619 - modification of Hydrotreater Unit No. 4 and connecting pressure safety valves to gas recovery system controlled by the Flare System.
2. A/N 567439 - change of equipment description for Delayed Coker Unit Heater H-100 to increase the heat input rating from 252 MMBtu/hr to 302.4 MMBtu/hr, with no physical modification.
3. A/N 575874 - Refinery Interconnection System: new construction of an above-ground and underground pipe bundle to connect the operations between the Carson and Wilmington sites.
4. A/N 575875 - modification of the Flare System to allow new connections of pressure safety valves serving Hydrotreater Unit No. 4 and the Hydrocracking Unit.
5. A/N 575876 - modifications of the Hydrocracking Unit and connecting pressure safety valves gas recovery system controlled by to the Flare System.

The proposed LARIC project will interconnect the current operations at the two sites in the manner that will allow the removal from service of a major process unit (the fluid catalytic cracking unit or FCCU) at the Wilmington site. The crude oil and feedstock processing capability of the Wilmington site could increase by 6,000 barrels per day due to the increased firing rate of Heater H-100, which serves the fractionator column of the Delayed Coking Unit at the

Wilmington site. The modified Hydrocracker Unit at the Carson site will also have a capacity of approximately 10 percent higher than its current operation. The proposed modifications for the Liquefied Petroleum Gas (LPG) Railcar Loading/Unloading Rack will enable the Carson site to unload an additional volume of 4,000 barrels per day of LPG.

The above listed modifications will result in increased emissions of volatile organic compounds (VOC) and oxides of sulfur (SOx) and will be equipped with the Best Available Control Technology (BACT) for controlling these increased emissions. The emissions increases from the additional and modified equipment at Tesoro Carson and Wilmington sites will not exceed 95.3 and 31.3 pounds per day of VOC, respectively, and 0.8 pound per day of SOx at the Carson site. These emission increases will be fully offset by the concurrent emission reductions from the shutdown of the FCCU and by providing emission reduction credits (ERCs). The operation of the above listed equipment will also emit small quantities of some toxic compounds (not accounting for decreases of toxic emissions resulting from the shutdown of the FCCU). The SCAQMD has evaluated the short term (acute) and long term (chronic) health impacts associated with the maximum potential emissions of toxic compounds from the equipment. Using worst case conditions, our evaluation shows that the chronic and acute health risks are both below our rule's toxic threshold (hazard index of 1). According to the state health experts, a hazard index of one or less means that the surrounding community including the most sensitive individuals such as very young children and the elderly will not experience any adverse health impacts due to these emissions. In addition, the long term cancer risk due to emissions from the equipment subject to this permit action complies with the SCAQMD risk threshold. The SCAQMD has completed its evaluation of the subject applications and determined the proposed modifications and new equipment installations meet all applicable requirements and intends to revise the Title V permits for the above sites to include the permits to construct for above listed equipment.

Pursuant to Title V of the federal Clean Air Act and SCAQMD Rule 3000(b)(31), a facility with a Title V permit that proposes installation of new equipment subject to a New Source Performance Standard (NSPS) pursuant to 40 CFR Part 60 is considered a significant permit revision. Accordingly, Tesoro has submitted Title V Significant Permit Revision applications for both sites and requested the SCAQMD to revise their Title V permits.

As required by Title V of the federal Clean Air Act, the Title V permits include all of the emission limits, applicable requirements and operating conditions imposed on the equipment. Title V facilities are required to certify compliance with the Title V permits in addition to recordkeeping and mandatory reporting of any deviation from the permit conditions.

Information Availability:

The proposed permits and air quality analysis for the project are available for public review at SCAQMD headquarters in Diamond Bar, at the Los Angeles City Public Library, Wilmington Branch (1300 N. Avalon Blvd, Wilmington, CA 90744) and at the County of Los Angeles Public Library, Carson Branch (151 E. Carson Street, Carson, CA 90745). The proposed permits can also be viewed on our website at <http://www3.aqmd.gov/webappl/publicnotices2/Search.aspx> by entering the facility ID numbers shown above. Information regarding the facility owner's compliance history submitted to the SCAQMD pursuant to Health and

Safety Code Section 42336, or otherwise known to the SCAQMD, based on credible information, is also available for public review at SCAQMD headquarters. For more information or to review additional supporting documents, please contact Mr. Danny Luong at (909) 396-2622.

The proposed and all anticipated future permit revisions for this project have also been evaluated in a Draft Environmental Impact Report (DEIR) prepared pursuant to the California Environmental Quality Act, codified in California Public Resources Code Section 21000 et seq. The DEIR may be found by accessing the SCAQMD's CEQA website at <http://www.aqmd.gov/home/library/documents-support-material/lead-agency-permitprojects/permit-project-documents---year-2016>. Written comments on the DEIR may be submitted during the CEQA comment period March 8, 2016 through April 22, 2016.

Comment Submittal:

Anyone wishing to comment on the proposed permits should submit their comments in writing to:

South Coast Air Quality Management District
21865 Copley Drive, Diamond Bar, CA 91765-4178
Attention: Danny Luong, Senior Manager

All comments should be properly titled and made specific to the Title V Permit Revision for either the Carson site or the Wilmington site. Comment letters must be postmarked no later than April 14, 2016. The SCAQMD will consider all public comments and may decide to issue the subject revisions separately or simultaneously. If you are concerned primarily about zoning decisions and the process by which this facility has been sited at these locations, you should contact your local city or county planning department. For your general information, anyone experiencing air quality problems such as dust, smoke or odors can file a complaint with the SCAQMD by calling 1-800-CUT-SMOG (1-800-288-7664).

The public may request the SCAQMD to conduct a public hearing on the proposed permits by submitting a Hearing Request Form (Form 500-G) to Mr. Danny Luong at the SCAQMD address listed above. The public hearing request must contain all of the information requested in the form in order for the SCAQMD to properly determine whether or not a public hearing will be held. A public hearing request form may be obtained from the SCAQMD by calling the Title V hotline at (909) 396-3013, or from the internet at <http://www.aqmd.gov/docs/default-source/grants/500-g-form.pdf?sfvrsn=>. **The request for a public hearing must be submitted to the SCAQMD no later than March 30, 2016. A copy of the hearing request must also be sent by first class mail to the facility contact person listed above at the same time.**

Right to Petition U.S. Environmental Protection Agency (EPA) for Reconsideration: Title V permits are also subject to review and approval by US EPA. If a public comment is sent to the SCAQMD for this permit, and the SCAQMD has not addressed the comment in a satisfactory manner, and the EPA has not objected to the proposed permit, then the public may submit a petition requesting that the EPA reconsider the decision not to object. Petitions shall be submitted to US EPA, Region 9, Operating Permits Section at 75 Hawthorne Street, San Francisco, CA 94105, within 60 days after the end of the 45-day EPA review period. The EPA review period for this permit starts no earlier than **March 8 2016**. EPA's review status may be found at <http://www.epa.gov/caa-permitting/electronic-permit-submittal-system-region-9>.